WHAT 25 STATES CAN TEACH MICHIGAN
Why Rebuilding Michigan Requires An RPS

By Rich Vander Veen, Mackinaw Power

Twenty-five states and the District of Columbia have now adopted a Renewable Portfolio Standard (RPS). Michigan can begin to rebuild its economy by learning important lessons from those states where RPS laws ensure that a minimum amount of renewable energy is included in the portfolio of electricity resources serving their states. Leaders from public, private, non-profit, academic and faith-based sectors through the Michigan Sustainable Energy Coalition (MSEC) www.michigancleanenergy.com support the leadership of Governor Granholm and the Michigan Legislature in achieving passage of Michigan Senate Bill 213 and House Bill 4562, the 10% by 2015 and 25% by 2025 Michigan RPS.

Michigan needs clear leadership! We need to transform Michigan's economy, now. Michigan put the world on wheels and has the natural resources and know how to transform the way we fuel our vehicles and power our homes. Renewable energy will add solid value to the Triple Bottom Line, increasing financial, social and ecological capital.

Unlike fossil fuels which risk volatile rising prices, emissions and public health costs, zero-emissions wind and solar energy locks in stable, competitively priced electricity. As Tom Friedman summarizes, "It is all about jobs, temperature and terrorism."

Michigan's future is unclear. Now is the time to assert real leadership, using solid science and market-based economics to catalyze new, 21st Century jobs, protect our Great Lakes and farm land for future generations, and increase our energy security.

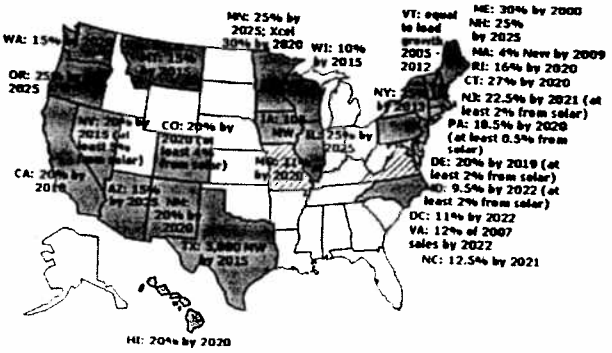
Is there public support for a MI RPS? Consistently polls show that more than 80% of the people support new, clean energy. In fact, if a 2008 Presidential candidate won the twenty-five states with an RPS, that candidate would walk away with the Electoral College vote and be our next President, ready to lead on these vital issues.

The Michigan Public Service Commission (MPSC) needs new, clear statutory authority from the Legislature to achieve these and related RPS goals.

The January 2007 "Michigan 21st Century Energy Plan" calls for:

A. Short and long term electrical needs assuring a reliable, safe, clean and affordable supply. The Report found that Michigan needs an estimated 5,000+ MW of new generation by 2015.

B. A competitive business climate, new jobs, and the use of energy efficiency and alternative and renewable energy technologies to protect the State's natural resources. More than $5 billion in new capital investment could help us innovate



our way toward energy self sufficiency, reducing our dependence on foreign and fossil fuel.

C. A Michigan RPS: 10% by 2015 and 20% by 2025.

What do opponents of the MI RPS say?

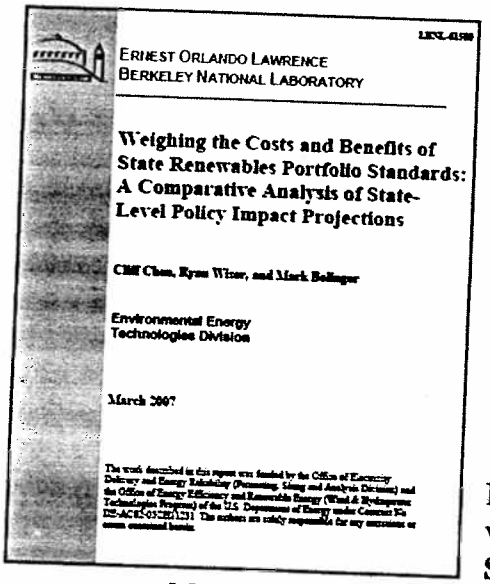
1. Assertion: "The MI RPS should not be mandated. Mandating the RPS will tie our hands," say Michigan utilities.

Facts: "Mandate" is a calculated, misleading way to frame the issue. Do opponents think that red traffic lights should be optional? That – and every law – is a mandate. Remember, Michigan utilities and customers need certainty. Both will respond to clear laws and regulations. It is the Legislature's Constitutional duty to statutorily set the amount of authority under which the MPSC regulates Michigan gas and electricity rates and markets. Without sufficient authority, the MPSC will never be able to enforce a clear, consistent renewable energy standard. Without new, clear authority, a MI RPS is worthless.

Now is the time to mandate new, clean energy which creates 21st century jobs and a better future for Michigan.

Real leadership is critical to Michigan's future.

2. Assertion: "The MI RPS will increase electricity costs. A MI RPS could increase MI electricity rates at a time when we can least afford to do so," say some customers.


ERNEST ORLANDO LAWRENCE
BERKELEY NATIONAL LABORATORY

Weighing the Costs and Benefits of State Renewables Portfolio Standards: A Comparative Analysis of State-Level Policy Impact Projections

Cliff Chen, Ryan Wiser, and Mark Bollinger

Environmental Energy Technologies Division

March 2007

The work described in this report was funded by the Office of Electricity Delivery and Energy Reliability (Permitting, Siting and Analysis Division) and the Office of Energy Efficiency and Renewable Energy (Wind & Hydropower Technologies Program) of the U.S. Department of Energy under Contract No. DE-AC02-05CH11231. The authors are solely responsible for any omissions or errors contained herein.

According to the United States Department of Energy-funded exhaustive reports, recently published by the Lawrence Berkley National Laboratory, twenty-eight cost/benefit projections on state RPS laws have been undertaken. Nineteen predicted no more than a one percent (1%) increase. Two said costs would increase more than five percent (5%). Six projections forecast a cost **decrease.** The average cost of all RPS laws to each customer is $0.038/month.
See http://eetd.lbl.gov/ea/ems/reports/61580.pdf

Now, let's examine the benefits and Triple Bottom Line values that an RPS will bring to Michigan. **By approving Senate Bill 213 and/or House Bill 4562, the Michigan RPS, and having the Governor enact it as 2007 Public Act ____, the Legislature and our Governor will provide needed leadership that will:**

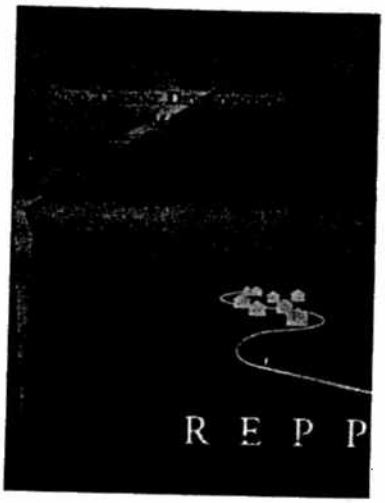
1. Improve energy security, providing Michigan customers with new, zero emissions Michigan-based electricity.

2. Increase Michigan communities' sustainable development, catalyzing new lean technologies and creating new financial capital

3. Encourage the investment of more than $1 million in new infrastructure for each new megawatt (MW) of wind power installed

4. Invest in 21st Century jobs, creating new construction, operating and manufacturing jobs, using state-of-the-art technologies.

The Renewable Energy Policy Project (www.repp.org) underscores that a national RPS of 50,000 MW could create 150,000 national and 8,500 Michigan new manufacturing jobs. This would add more than $400 million in payroll and create a new industry for Michigan.



5. The 10% RPS called for by the Governor, Senate Bill 213, and House Bill 4562 will result in 2,150 MW of installed wind by 2015, according to the August 28, 2007 MPSC Best Estimates memo.

To be conservative, the 2,150 MW in new Michigan wind farms will stabilize costs, producing approximately 5,273,520,000 kilowatt hours (kWh; 5,273,520 MWh) annually of new, zero-emissions energy.

According to the National Renewable Energy Lab's Jobs and Economic Development Index (JEDI) and the August 28, 2007 MPSC Best Estimates memo, 2,150 MW of wind power will provide the following financial and community benefits to Michigan over 20 years:

- 1,204 1.5 MW Wind Turbines = approximately $3.5 billion in capital expenditures
- More than 527,352 large homes served with new, clean power
- $678.6 Million in Economic Activity during construction
- $63.2 Million in Economic Activity during operating years
- Increased public health and energy independence.

In addition, according to the Renewable Energy Policy Project, every 1,000 MW = 3,000 New Manufacturing Jobs.

6. New wind power will protect our Great Lakes for future generations with cleaner air and water. Using figures from the Consumers Energy biannual report, the 5,273,520 MWh of new wind power will, each year, offset:

Pollutant	**Consumers Energy Annual Pounds Produced**	**Regional Average Annual Pounds Produced**
Sulfur Dioxide (acid rain)	48,305,443	98,614,824

Carbon Dioxide ("Green House Gas")	12,284,137,488	11,045,387,640
Oxides of Nitrogen (Ozone)	17,138,940	36,914,640
High-Level Nuclear Waste	34,805	39,024

7. Market implementation will result in competition, efficiency and innovation that will deliver renewable energy at the lowest possible cost. This will result in cost-effective renewable power.

For example, Wisconsin and Colorado require 10% renewable power by 2015. Both Wisconsin and Colorado have measured the costs and the benefits of renewable power. Both WI and CO have decided to increase the amount of renewables required, AFTER they determined that a growing amount of renewables will cut the risks associated with rising, volatile fossil fuel costs, emissions and toxic waste.

8. The states with an RPS have also found that they are benefiting from renewables by locking in a long-term firm and competitive price. They have concluded that renewable energy boosts generation portfolio performance, like a bond boosts financial portfolio performance with long-term, stable interest paid. This has led to several RPS states increasing the amount of renewables required under their RPS laws.

In Michigan, the Urban Core Mayors (who represent over 80% of the State's population) have adopted a resolution calling for 15% new Renewable Power by 2015.

Senate Bill 213 would require 10% renewable energy by 2015. SB 213 was introduced by State Senators Patricia Birkholz (R-Saugatuck), Bill Hardiman (R-Kentwood), Mark Jansen (R-Gaines Twp.), Jim Barcia (D-Bay City), Roger Kahn (R-Saginaw Twp) and Michael Switalski (D-Roseville). SB 213 is before the Senate Energy Committee, chaired by Senator Bruce Patterson (R-Canton). The Michigan Sustainable Energy Coalition provided initial testimony in support of SB 213 on April 26, 2007.

Rep. Frank Accavitti, (D-Eastpointe) Chair of the House Energy and Technology Committee introduced HB 4562 in the Michigan House of Representatives. The companion MI RPS bill is before the House Energy and Technology Committee.

HB 4562 is co-sponsored by 17 other state representatives including: Representatives Hoon-Yung Hopgood, Mary Valentine, Barbara Farrah, Pam Byrnes, Kate Ebli, Lisa Wojno, Paul Condino, Steve Bieda, Steven Lindberg, Terry Brown, John Espinoza, Matthew Gillard, Robert Jones, Marie Donigan, Kathleen Law, Andy Meisner and Joel Sheltrown.

Legislators are encouraged to listen to a wide range of their constituents who participated in the Michigan 21st Century Energy work groups. Read about their work at www.michigan.gov/mpsc.

Now is the time for this Governor and Legislature to pass and the MPSC to enforce a strong, effective Michigan RPS!